

Consumer Confidence Survey R4105-4 1/1/89

- Business
- Employment
- Income
- Inflation
- Interest Rates
- Stock Prices

January 1989

CONSUMERS FIND ECONOMY STRONG

The measure of Consumer Confidence registered an impressive gain in December after retreating moderately the month before. The current Index (1985=100) reading is 119.8, up seven points for the month. Consumers continue to express an increasing degree of comfort with prevailing conditions, although they are only marginally more optimistic in their expectations for the future. Also, buying plans continue at only moderate levels.

On questions concerning the ongoing situation, consumers are exceptionally positive. This component of the Index registered a sharp gain in December, and is currently at its highest level since the economic boom of the late Sixties. Concerning current business conditions, a third of all respondents say they are "good," a big gain over last time. Also, on the issue of employment, more than 34% report that jobs are "plentiful," again an impressive increase.

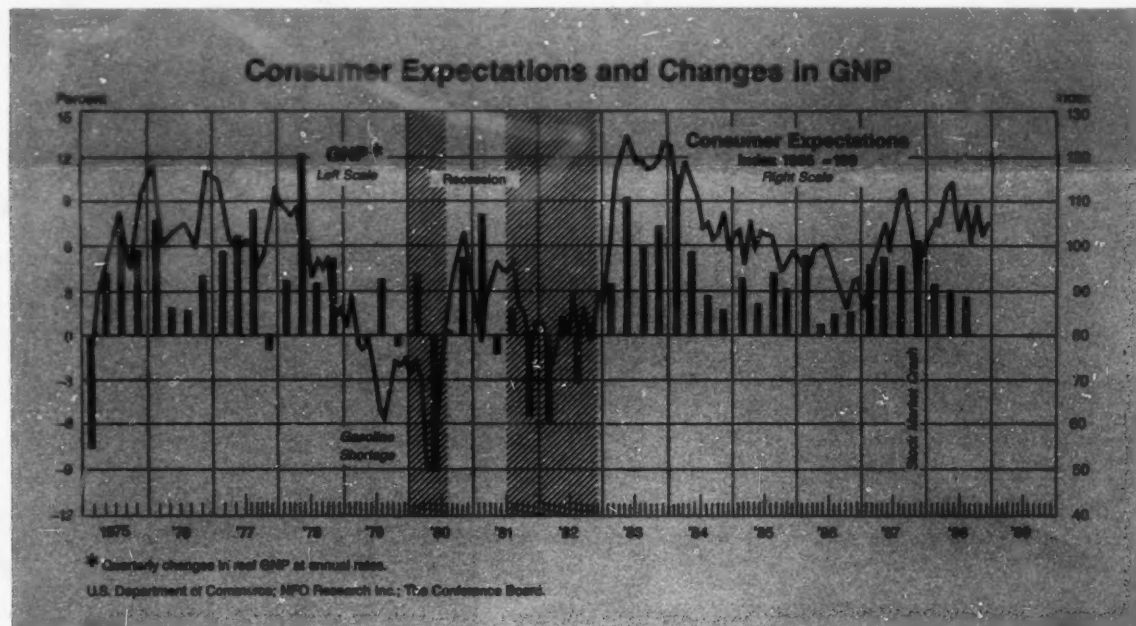
In looking ahead to the next six months, while the latest figures are a bit more positive than previously, there continue to be signs of uncertainty. Close to 20% expect business conditions to improve, slightly more than in the preceding survey, but still fewer than two months ago. On

employment, 17.5% of respondents expect "more jobs" to become available, up slightly but still lower than in October. Some 27% of respondents expect their family income to increase—about the same proportion as last time.

Buying plans have continued at about the same modest levels over the past three months. Some 7% of respondents expect to purchase a car, fractionally fewer than previously. Some 3.5% intend to purchase a home, again roughly the same figure as in recent months. There has also been only a small change in plans to purchase a major appliance.

The consumer's exceptionally favorable assessment of prevailing conditions both reflects the continued vigor of the economy and bodes well for the immediate period ahead. More people are working than ever before, unemployment is at its lowest level in years, personal income continues to grow, and inflation is almost imperceptible to the average shopper. All of this evidently contributes to a high level of confidence. Still, there appears to be some mild uncertainty about the future, with the increasing public discussion of how the new Administration is likely to address such pressing problems as the Federal Budget and trade deficits.

Fabian Linden



Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.

Percentage of all households = 100%

Based on surveys conducted by RPO Research, Inc. Percentage of all households = 100%													
	Business						Employment				Income		
	1987	1988											
All series seasonally adjusted.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.(r)	Dec.(p)
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	107.7	109.9	114.9	112.7	115.7	120.2	115.7	113.5	119.7	110.7	116.9	112.9	119.8
Present Situation	119.8	121.5	129.1	124.5	120.2	129.0	126.3	128.2	135.1	126.7	128.3	129.1	105.3
Expectations	99.6	102.2	105.5	104.9	112.8	114.4	108.6	103.7	109.4	100.1	109.3	102.0	105.3
Appraisal of Present Situation: Percent													
Business Conditions													
Good	24.8	26.4	29.6	29.1	28.3	31.6	27.4	28.4	32.2	28.2	28.3	30.2	33.0
Bad	18.5	18.3	18.9	18.8	20.9	18.4	19.7	19.1	17.2	19.2	17.1	17.6	15.4
Normal	56.7	55.3	51.5	52.1	50.8	50.0	52.9	52.5	50.6	52.6	54.6	52.2	51.6
Employment													
Jobs plentiful	27.0	29.5	31.4	28.9	27.8	30.8	31.1	31.3	32.3	29.9	29.8	29.9	34.3
Jobs not so plentiful	49.4	44.8	45.9	47.0	48.1	45.4	46.1	46.2	46.0	47.7	47.2	47.1	45.2
Jobs hard to get	23.6	25.7	22.9	24.1	24.1	23.8	22.8	22.5	21.7	22.4	23.0	23.0	20.5
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	19.4	18.7	19.7	20.2	20.9	22.0	20.4	19.7	21.4	18.3	21.1	18.6	19.9
Worse	9.2	8.0	7.9	7.6	6.4	5.3	6.7	9.6	7.3	9.8	7.0	8.4	7.9
Same	70.9	73.3	72.4	72.2	72.7	72.7	72.9	70.7	71.3	71.9	71.9	73.0	72.2
Employment													
More jobs	16.8	16.2	16.7	15.8	18.2	19.0	18.3	17.7	19.0	17.2	18.6	15.9	17.5
Fewer jobs	16.6	15.6	14.4	14.0	11.9	12.6	13.8	15.0	13.6	15.4	13.2	14.7	14.6
Same	66.6	68.2	68.9	70.2	69.9	68.4	67.9	67.3	67.4	67.4	68.2	69.4	67.9
Income													
Increase	28.3	26.2	30.6	28.5	29.4	29.0	26.3	28.0	27.4	24.8	26.8	27.3	27.1
Decrease	8.4	6.3	6.5	6.7	6.0	6.0	6.4	6.2	6.3	6.9	6.9	6.9	6.6
Same	63.3	67.5	62.9	64.8	64.6	65.0	67.3	65.8	66.3	68.3	66.3	65.8	66.3
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	8.2	7.5	9.6	9.4	9.1	9.4	8.9	8.9	7.5	7.8	7.3	7.3	7.0
New	4.5	3.7	4.7	5.3	5.5	4.9	5.0	4.6	4.2	4.1	3.7	3.4	3.3
Used	3.0	3.0	3.5	3.3	3.1	3.3	3.4	3.4	2.8	2.7	2.7	3.0	2.9
Uncertain	0.7	0.8	1.4	0.8	0.5	1.2	0.5	0.9	0.5	1.0	0.9	0.9	0.8
Home													
Yes	3.5	3.8	5.0	4.7	3.5	3.3	4.0	3.5	4.2	3.3	3.7	3.1	3.5
New	0.8	1.3	1.6	1.7	1.1	1.1	0.9	1.1	1.3	1.1	1.0	1.0	0.9
Lived in	1.7	1.7	2.1	2.1	1.7	1.3	2.1	1.5	2.0	1.5	1.6	1.5	1.6
Uncertain	1.0	0.8	1.3	0.9	0.7	0.9	1.0	0.9	0.9	0.7	1.1	0.6	1.0
Major appliances													
Total plans	28.2	29.4	36.0	34.0	35.0	35.8	30.3	30.1	34.3	30.3	26.5	27.9	28.5
Refrigerator	4.1	5.0	5.8	5.4	5.3	5.9	4.7	4.5	5.0	4.5	3.6	4.1	4.3
Washing machine	3.3	4.1	5.4	4.4	5.3	5.1	3.9	4.7	4.5	3.9	4.1	3.0	3.8
TV Set	7.5	6.7	8.2	8.5	7.9	8.6	7.5	6.1	8.0	7.2	6.4	6.5	7.5
Vacuum Cleaner	5.5	4.6	5.9	5.9	5.6	6.0	4.9	5.2	6.1	5.7	3.8	4.8	4.2
Range	2.8	3.1	3.5	3.2	3.9	3.1	3.1	3.2	2.7	2.8	3.1	2.7	2.6
Clothes dryer	3.1	3.7	4.2	4.2	4.4	4.9	3.8	3.8	4.3	3.4	3.2	3.2	3.4
Air conditioner	1.9	2.2	3.0	2.4	2.6	2.2	2.4	2.6	3.7	2.8	2.3	3.6	2.7
Carpet	7.7	8.3	8.3	9.5	6.2	8.7	7.6	7.1	7.7	8.2	6.2	6.6	6.2
Vacation Intended Within Six Months: Percent*													
Vacation Intended	50.9		51.2		49.7		48.5		51.6		49.1		47.5
Destination													
U.S.	44.5		44.3		42.8		41.7		43.5		41.6		40.4
Foreign country	8.2		8.9		9.3		9.3		10.1		8.7		8.7
Means of travel													
Automobile	30.9		29.8		29.8		27.9		29.6		28.2		26.7
Airplane	18.9		19.9		19.1		20.8		21.0		18.4		18.3
Other	3.8		5.0		4.4		4.5		4.0		3.5		4.3

(p)—preliminary (r)—revised

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THE CONFERENCE BOARD, 845 THIRD AVENUE, NEW YORK, N.Y. 10022

Inflation	Interest Rates	Stock Prices												
			1987	1988										
Not seasonally adjusted	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.(r)	Dec.(p)	
Expectations for Twelve Months Hence: Percent														
Inflation Rate														
Average	4.5	4.3	4.3	4.3	4.4	4.4	4.4	5.0	4.9	4.8	4.8	4.7	4.6	
Interest Rates														
Higher	58.5	58.9	49.9	58.9	58.0	66.5	71.5	74.9	74.9	75.2	71.8	65.1	78.9	
Same	24.1	24.9	25.7	27.6	27.6	23.6	20.0	22.1	16.2	17.0	18.6	23.1	14.0	
Lower	17.4	16.2	24.4	13.5	14.4	9.9	8.5	10.6	8.9	7.8	9.6	11.8	7.1	
Stock Prices														
Increase	31.1	36.0	36.6	46.9	38.7	39.3	39.8	40.3	39.2	38.5	40.6	39.3	39.6	
Same	28.6	31.0	33.6	34.6	33.6	34.3	35.8	34.8	33.0	34.8	35.0	36.0	33.0	
Decrease	38.3	33.0	29.8	18.4	27.7	26.4	24.4	24.9	27.8	26.7	24.4	24.7	27.4	

CONSUMER CONFIDENCE BY REGION

	1988												AVERAGE: Oct, Nov, Dec			
Seasonally unadjusted Index numbers: 1985 = 100	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.(r)	Dec.(p)	1987	1988	Percent Change*
NEW ENGLAND																
Consumer Confidence Index	148.2	153.6	155.0	152.4	159.2	153.9	149.8	153.9	150.0	139.7	150.9	144.1	141.0	150.0	145.3	- 3.1
Present Situation	204.7	199.2	202.4	200.0	203.7	203.0	207.0	199.5	205.4	204.9	201.3	198.0	204.8	204.7	201.4	- 1.6
Expectations	110.6	123.2	123.4	120.6	129.6	121.2	111.7	123.6	113.0	96.2	117.3	108.2	98.4	113.5	108.0	- 4.9
MIDDLE ATLANTIC																
Consumer Confidence Index	108.8	114.5	114.8	122.0	123.6	125.5	121.8	120.8	125.6	122.6	126.3	113.7	124.1	111.4	121.4	8.9
Present Situation	137.3	142.4	136.2	143.9	142.9	142.9	152.6	145.8	157.2	153.4	148.7	143.2	162.6	139.0	151.5	9.0
Expectations	89.8	95.9	100.5	107.4	110.7	108.1	101.3	104.1	104.6	102.1	111.3	94.1	98.4	93.1	101.3	8.8
EAST NORTH CENTRAL																
Consumer Confidence Index	87.9	97.0	97.0	95.3	104.0	108.7	102.3	95.5	104.1	99.8	115.0	117.6	116.0	93.2	116.2	24.6
Present Situation	96.3	103.4	99.2	91.3	102.8	107.7	111.0	116.5	125.7	121.9	129.7	145.1	142.4	103.9	139.1	33.9
Expectations	82.3	92.8	95.6	97.9	104.7	109.4	96.6	81.5	89.8	85.0	105.2	99.3	98.4	86.1	100.9	17.2
WEST NORTH CENTRAL																
Consumer Confidence Index	71.5	89.6	98.2	87.6	99.1	88.4	91.4	76.0	70.7	86.3	97.5	88.6	97.2	78.3	94.4	20.6
Present Situation	74.9	77.8	84.8	69.4	82.9	93.8	97.6	91.3	74.6	96.6	99.4	97.4	109.5	82.3	102.1	24.0
Expectations	69.3	97.5	107.2	99.7	109.9	84.9	87.3	65.9	68.0	79.5	96.3	82.8	89.0	75.6	89.3	18.2
SOUTH ATLANTIC																
Consumer Confidence Index	131.3	133.9	137.7	136.7	138.7	142.2	138.2	138.6	141.2	138.0	142.4	139.1	132.6	136.7	138.1	1.0
Present Situation	164.8	161.7	163.2	165.3	161.9	168.9	163.8	168.6	172.8	170.2	175.3	170.6	175.2	169.8	173.7	2.3
Expectations	109.1	115.4	120.7	117.6	123.3	124.5	121.2	118.6	120.2	116.6	120.5	118.2	104.2	114.6	114.3	- 0.3
EAST SOUTH CENTRAL																
Consumer Confidence Index	100.9	98.6	114.9	109.8	96.8	115.0	97.1	84.4	105.9	102.3	108.7	102.1	93.1	96.4	101.3	5.1
Present Situation	93.9	82.0	103.5	94.0	79.1	97.9	93.4	74.6	100.3	99.2	99.2	102.1	106.7	90.1	102.6	13.8
Expectations	105.5	109.8	122.5	120.4	108.7	126.5	99.6	91.0	109.7	104.4	115.1	102.2	84.0	100.6	100.4	- 0.1
WEST SOUTH CENTRAL																
Consumer Confidence Index	68.7	74.9	81.7	69.7	75.3	77.9	78.5	80.5	80.1	74.8	83.8	67.3	82.6	72.3	77.9	7.7
Present Situation	27.7	26.5	33.0	20.1	22.6	34.6	30.8	30.1	31.0	29.3	42.4	27.4	35.6	27.4	35.1	28.2
Expectations	96.0	107.2	114.3	102.8	110.4	106.8	110.3	114.1	112.9	105.2	111.4	94.0	113.9	102.3	106.4	4.0
MOUNTAIN																
Consumer Confidence Index	85.7	84.5	82.4	94.6	87.5	94.4	85.4	80.3	92.8	76.9	92.4	91.8	105.3	87.8	96.5	9.9
Present Situation	76.1	54.4	66.6	77.8	57.5	79.2	69.2	61.9	77.0	70.0	81.1	66.5	90.1	79.0	79.2	0.3
Expectations	92.1	104.5	93.0	105.8	107.6	104.6	96.2	92.7	103.4	81.6	100.0	108.6	115.5	93.8	108.0	15.2
PACIFIC																
Consumer Confidence Index	121.2	125.2	135.2	125.2	121.1	125.5	127.0	126.7	134.0	124.6	127.7	133.7	132.6	124.0	131.3	5.9
Present Situation	148.2	140.0	157.3	150.7	135.2	149.1	153.9	161.5	161.7	160.1	156.9	169.4	171.2	150.6	165.8	10.1
Expectations	103.2	115.4	120.4	108.3	111.7	109.7	109.1	103.5	115.5	100.9	108.3	109.9	106.9	106.3	108.4	2.0

*Percent Change: average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted index numbers: 1985 = 100	1987	1988											3 mos. Percent Change*	
	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.(r)	Dec.(p)	
TOTAL U.S.														
Consumer Confidence Index	107.7	109.9	114.9	112.7	115.7	120.2	115.7	113.5	119.7	110.7	116.9	112.9	119.8	1.7
Present Situation	119.8	121.5	129.1	124.5	120.2	129.0	126.3	128.2	135.1	126.7	128.3	129.1	141.5	2.3
Expectations	99.6	102.2	105.5	104.9	112.8	114.4	108.6	103.7	109.4	100.1	109.3	102.0	105.3	1.1
AGE OF HOUSEHOLD HEAD														
Consumer Confidence index														
Under 35	121.5	116.5	124.4	118.6	120.4	123.1	121.5	121.2	128.5	121.0	117.8	117.0	121.9	- 3.8
35-54	105.9	111.1	113.6	117.1	119.5	121.8	118.7	116.4	119.5	111.4	118.2	114.3	122.4	2.2
55 and over	95.6	99.1	104.6	98.7	104.4	113.8	104.7	102.2	110.4	99.1	112.4	106.2	114.1	6.7
Present Situation														
Under 35	130.6	126.5	137.8	128.0	127.1	129.9	130.1	134.5	147.0	138.2	125.9	128.9	141.9	- 5.5
35-54	118.3	122.5	128.4	131.9	124.5	130.3	129.9	130.5	133.8	127.2	128.2	130.8	146.4	3.5
55 and over	113.8	116.1	122.7	113.8	110.7	127.2	120.0	122.0	129.1	118.3	129.8	127.6	136.4	6.6
Expectations														
Under 35	115.6	109.7	115.4	112.3	116.0	118.7	115.7	112.4	116.1	109.7	112.5	109.0	108.5	- 2.4
35-54	97.7	103.6	103.9	107.4	116.4	116.2	111.2	107.0	109.9	100.8	111.6	103.3	106.3	1.1
55 and over	83.3	88.1	93.0	88.9	100.3	104.9	94.3	88.9	97.8	86.2	100.6	91.8	99.1	6.8
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under \$15,000	83.9	85.1	89.0	83.7	89.8	94.1	88.4	82.1	88.1	87.7	91.8	87.8	93.2	5.8
\$15,000-24,999	103.4	106.0	116.7	107.6	109.8	112.8	102.7	104.8	115.3	102.2	108.5	115.2	115.0	5.1
\$25,000 and over	120.6	122.7	126.8	127.5	129.7	135.4	132.0	130.9	135.3	123.7	131.9	124.2	133.5	- 0.1
Present Situation														
Under \$15,000	77.6	74.7	80.1	74.8	78.8	88.5	83.2	83.3	84.0	89.6	89.9	91.7	96.7	8.4
\$15,000-24,999	107.7	111.6	124.2	110.7	103.9	116.7	109.0	114.7	121.6	114.6	116.8	123.0	133.6	6.4
\$25,000 and over	145.5	148.5	156.2	152.6	145.5	153.5	152.1	154.2	162.7	148.2	151.5	149.0	165.1	0.1
Expectations														
Under \$15,000	88.6	91.3	93.7	88.7	97.0	97.9	92.1	81.5	91.0	86.8	93.3	85.2	91.2	4.0
\$15,000-24,999	100.6	102.1	111.3	105.2	113.7	110.3	98.6	98.3	111.2	94.1	103.1	110.0	102.7	4.0
\$25,000 and over	103.6	106.1	108.2	111.4	119.4	123.4	118.5	115.3	116.8	107.2	118.6	107.4	112.3	- 0.3

*Percent Change: average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.

